GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

P.S. – V&E Report – Irregularities in award of price adjustment on material / pipes procured etc in the works taken up by Public Health & Municipal Engineering Department in Ananthapur District - Recovery of an amount of R.23.96 Crores from the contractors – Representation of contractors executed the 5 (Five) Water Supply Projects in Ananthapur District – Committee constituted - Orders – Issued.

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b. In Kadiri Water Supply Scheme, the Agreement was concluded 29.12.2007. The piping material was procured during 2007/2008 (8203Rmt), 08/2008&2009/2008 (8977 Rmt), 10/2008(9735 Rmt) 11/2008 (3265 Rmt) 03.2009 (137.5Rmt) i.e. prior to the GO 47 dt:04.02.2009 and hence GO 269 Dt:15.09.2008 is applicable for price adjustment. As such there should be a price reduction of Rs.4.13 crores considering the lowest of approved price adjustment rate' and finished cost of rate as per invoice' where as the Dept has paid price escalation of Rs 9.79 crores. Hence, an amount of Rs.13.92 Crores (4.13+9.79) shall be recovered from the agency i.e M/s Nagarjuna Construction Company) Limited, Hyderabad.

c. In Dharmavaram Water Supply Scheme, the Dept has not paid any price escalation. However, there is a price reduction of Rs. 3,00,14,898 and the same shall be recovered from the agency i.e M/s Indian Hume pipes Co. Ltd., Mumbai towards the price reduction.

d. In Rayadurg Water Supply Scheme, the Dept has not paid any price escalation. However on comparison, there is a price reduction of Rs 1.03 crores which shall be recovered from the agency i.e M/s Larson Toubro Limited, ECC Division, Hyderabad.

e. In Hindupur Water Supply Scheme, on comparison with reference to finished cost of pipe as per the invoices, there is a price reduction of Rs.0.02 crores where as the Dept has paid price escalation of Rs.0.26 crores. Hence an amount of Rs. 0.28 Crores (0.02+0.26) shall be recovered from the agency i.e M/s Larson & Toubro Ltd, Hyderabad.

3. After examine the report necessary instructions were issued to the ENC (PH) to take necessary in the matter.

4. Based on the Vigilance Report, the S.E. (PH) had issued notices to the 5 agencies requesting to remit the amount as recommended by the V&E in respect of price adjustment. In turn one of the contracting agency, M/s NCC Ltd. has filed a Writ Petition No.39915 of 2015 on the Vigilance report and the Hon'ble High Court has disposed of the case on 21.12.2015 with the following order:

> " The impugned orders of the respondent No.4 (S.E) being volatile of principles of natural justice, is set aside and the entire issue stands remitted to the 4th respondent, who shall give notice to the petitioner with regards to the conclusions reached against him in the report. Since the petitioner already has a copy of the vigilance report, petitioner shall file its response to the said notice within four weeks from the date of receipt of notice and there after the fourth respondent shall fix a date for hearing, intimate the petitioner, hear him, and take appropriate decision in the matter, in accordance with law. Impugned proceedings of the fourth respondent are accordingly set aside and the matter is remitted to the fourth respondent to comply with the directions as mentioned above".

5. The CE (PH) while informing above Hon'ble High Court Orders has requested the Government to issue necessary directions to the I&CAD Department as it is the nodal department for examining the issues identified in G.O.Ms.No.1, Finance (Works & Project) Department, dated: 25-2-2012 for addressing each of the issues mentioned in para 2, sub paras 10,11 and 12 duly making necessary recommendations applicable for the works which were already completed, so as to issue comprehensive orders applicable across all the departments on price adjustments.

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6. After careful examination of the entire issue, Government have decided and hereby constitute a Committee with the following Officers to examine the representation of the agencies keeping in view G.O.Ms.No.1, and submit report/remarks to the Government within a month for taking necessary action.

1. Engineer – in - Chief (Public Health), Tadepalli, Guntur – Convener & Member
2. Engineer – in - Chief (Irrigation), Vijayawada.. Member
3. Engineer – in - Chief (R&B) Vijayawada.. Member.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Engineer – in - Chief (Public Health), Tadepalli, Guntur
The Engineer – in - Chief (Irrigation) Vijayawada
The Engineer – in - Chief (R&B) Vijayawada.
Copy to the S.E. (PH) Ananthapur.
Through: Engineer – in - Chief (Public Health), Tadepalli, Guntur

//FORWARDED BY ORDER//

SECTION OFFICER